



State of Wisconsin
2005 - 2006 LEGISLATURE

LRBa0951/1
MES&JK:lmk:jf

**ASSEMBLY AMENDMENT 1,
TO 2005 ASSEMBLY BILL 544**

September 15, 2005 – Offered by Representatives TOWNS and JESKEWITZ.

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 2, line 1: before that line insert:

3 “**SECTION 1b.** 71.01 (7r) of the statutes is renumbered 71.01 (7r) (a) and
4 amended to read:

5 71.01 (**7r**) (a) Notwithstanding sub. (6), and except as provided in par. (b), for
6 purposes of computing amortization or depreciation, “Internal Revenue Code”
7 means the federal Internal Revenue Code as amended to December 31, 2000, except
8 that property that, under s. 71.02 (2) (d) 12., 1985 stats., is required to be depreciated
9 for taxable year 1986 under the Internal Revenue Code as amended to
10 December 31, 1980, shall continue to be depreciated under the Internal Revenue
11 Code as amended to December 31, 1980.

12 **SECTION 1d.** 71.01 (7r) (b) of the statutes is created to read:

1 71.01 **(7r)** (b) For property acquired and placed in service in taxable years
2 beginning after December 31, 2005, a person who owns and operates a private
3 student residential building, as defined under s. 101.14 (4) (b) 1m., may compute
4 amortization and depreciation for an automatic fire sprinkler system that is used in
5 a private student residential building at 50 percent of the cost of the automatic fire
6 sprinkler system for the first year that the system is acquired and placed in service
7 and under the Internal Revenue Code as amended to December 31, 2000, for
8 subsequent years.

9 **SECTION 1e.** 71.05 (6) (b) 39. of the statutes is created to read:

10 71.05 **(6)** (b) 39. Any amount donated by an individual, in the taxable year to
11 which the claim relates, to a fraternity or sorority that operates a student residential
12 facility, as described under s. 101.14 (4) (b) 3. e., if all of the following apply:

13 a. The donated amount is used only for building improvement projects at the
14 student residential facility.

15 b. The fraternity or sorority is affiliated with an institution of higher education
16 that is located in this state.

17 c. The fraternity or sorority is not described in section 501 (c) (3) of the Internal
18 Revenue Code and is not exempt from federal income tax under section 501 (a) of the
19 Internal Revenue Code.

20 d. The donor is an alumnus of the fraternity or sorority.

21 **SECTION 1g.** 71.26 (3) (y) of the statutes is renumbered 71.26 (3) (y) 1. and
22 amended to read:

23 71.26 **(3)** (y) 1. ~~A~~ Except as provided in subd. 2., a corporation shall compute
24 amortization and depreciation under the federal Internal Revenue Code as amended
25 to December 31, 2000, except that property first placed in service by the taxpayer on

1 or after January 1, 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and
2 (br), 1985 stats., is required to be depreciated under the Internal Revenue Code as
3 amended to December 31, 1980, and property first placed in service in taxable year
4 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985
5 stats., is required to be depreciated under the Internal Revenue Code as amended
6 to December 31, 1980, shall continue to be depreciated under the Internal Revenue
7 Code as amended to December 31, 1980.

8 **SECTION 1h.** 71.26 (3) (y) 2. of the statutes is created to read:

9 71.26 (3) (y) 2. For property acquired and placed in service in taxable years
10 beginning after December 31, 2005, a corporation that owns and operates a private
11 student residential building, as defined under s. 101.14 (4) (b) 1m., may compute
12 amortization and depreciation for an automatic fire sprinkler system that is used in
13 a private student residential building at 50 percent of the cost of the automatic fire
14 sprinkler system for the first year that the system is acquired and placed in service
15 and under the Internal Revenue Code as amended to December 31, 2000, for
16 subsequent years.

17 **SECTION 1m.** 71.365 (1m) of the statutes is renumbered 71.365 (1m) (a) and
18 amended to read:

19 71.365 (1m) (a) TAX-OPTION CORPORATIONS; DEPRECIATION. ~~A~~ Except as provided
20 in par. (b), a tax-option corporation shall compute amortization and depreciation
21 under the federal Internal Revenue Code as amended to December 31, 2000, except
22 that property first placed in service by the taxpayer on or after January 1, 1983, but
23 before January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required
24 to be depreciated under the Internal Revenue Code as amended to
25 December 31, 1980, and property first placed in service in taxable year 1981 or

1 thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is
2 required to be depreciated under the Internal Revenue Code as amended to
3 December 31, 1980, shall continue to be depreciated under the Internal Revenue
4 Code as amended to December 31, 1980. Any difference between the adjusted basis
5 for federal income tax purposes and the adjusted basis under this chapter shall be
6 taken into account in determining net income or loss in the year or years for which
7 the gain or loss is reportable under this chapter. If that property was placed in
8 service by the taxpayer during taxable year 1986 and thereafter but before the
9 property is used in the production of income subject to taxation under this chapter,
10 the property's adjusted basis and the depreciation or other deduction schedule are
11 not required to be changed from the amount allowable on the owner's federal income
12 tax returns for any year because the property is used in the production of income
13 subject to taxation under this chapter. If that property was acquired in a transaction
14 in taxable year 1986 or thereafter in which the adjusted basis of the property in the
15 hands of the transferee is the same as the adjusted basis of the property in the hands
16 of the transferor, the Wisconsin adjusted basis of that property on the date of transfer
17 is the adjusted basis allowable under the Internal Revenue Code as defined for
18 Wisconsin purposes for the property in the hands of the transferor.

19 **SECTION 1n.** 71.365 (1m) (b) of the statutes is created to read:

20 71.365 (1m) (b) For property acquired and placed in service in taxable years
21 beginning after December 31, 2005, a tax-option corporation that owns and operates
22 a private student residential building, as defined under s. 101.14 (4) (b) 1m., may
23 compute amortization and depreciation for an automatic fire sprinkler system that
24 is used in a private student residential building at 50 percent of the cost of the
25 automatic fire sprinkler system for the first year that the system is acquired and

1 placed in service and under the Internal Revenue Code as amended to December 31,
2 2000, for subsequent years.”.

3 **2.** Page 2, line 1: delete “**SECTION 1**” and substitute “**SECTION 1s**”.

4 **3.** Page 4, line 23: after that line insert:

5 “**SECTION 7m. Initial applicability.**

6 (1) The treatment of section 71.05 (6) (b) 39. of the statues first applies to
7 taxable years beginning on January 1 of the year in which this subsection takes
8 effect, except that if this subsection takes effect after July 31 the treatment of section
9 71.05 (6) (b) 39. first applies to taxable years beginning on January 1 of the year
10 following the year in which this subsection takes effect.”.

11 (END)